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August 15, 2002

**BY HAND**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2nd Floor  
Boston, MA 02110

Re: Response of Fitchburg Gas and Electric Light Company  
in Investigation by the Department on its own Motion  
into Distributed Generation, D.T.E. 02-38

Dear Ms. Cottrell:

Fitchburg Gas and Electric Light Company ("FG&E") submits this letter to the Department as a brief response to the initial comments filed in D.T.E. 02-38. The initial comments raise numerous and complex issues that need to be considered in an expedited, yet thorough, manner.

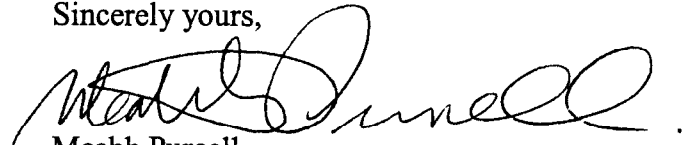
Generally, FG&E supports the Department's intent to implement policy changes that would remove any barriers to the appropriate use of cost-effective distributed generation in Massachusetts as a supplement to new investments in traditional transmission and distribution facilities. FG&E cautions, however, that such policy changes should be made in a timely fashion after careful consideration of all identified issues, must provide for clear procedures as free of market uncertainties as practicable, must not allow degradation of service reliability to non-DG participants, must not create long-lived, above-market cost burdens on distribution service customers, and must provide for appropriate levels of return on and of investments made by distribution companies.

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Given the issues involved, FG&E agrees with the comments suggesting that the best way to proceed after the public hearing would be to establish a collaborative. The collaborative should be made up of interested parties and charged with resolving as many of the identified issues as it finds possible. The Department should require the collaborative to provide it with a report containing recommendations to be used by the Department in creating a distributed generation policy for the Commonwealth. FG&E also agrees with the comments that suggest that pilot programs may be helpful in moving distributed generation forward from a theoretical concept to generally accepted practice.

FG&E appreciates the opportunity to address the use of distributed generation as a potential cost-effective alternative to new investment in transmission and distribution facilities and encourages the Department's role in this proceeding.

Sincerely yours,



Meabh Purcell

cc: William Stevens